

Economics 311 – Money and Banking (Federal Reserve Policy)
Spring 2020

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Required Readings:

The Economics of Money, Banking and Financial Markets, Mishkin (10th or 11th edition)
The Wall Street Journal, <http://r.wsj.net/lczMQ>

Office Hours: Mondays 2:30 – 3:30 p.m.
Wednesdays 1:45 – 3:00 p.m.
and by appointment

Teaching Assistant:

John Benn (jbenn@email.wm.edu) is the TA for this class. John will hold weekly review/problem sessions on Wednesdays at 5:00pm in Tyler 420. These sessions are additional office hours...there will not be a formal class presentation...bring questions and work through them together. John and I will monitor your progress through the semester.

Grading and Exams:

Your grade will be determined as follows:

| | |
|--------------------------------|-----|
| Class Attendance/Participation | 10% |
| Portfolio | 10% |
| Paper | 25% |
| Midterm | 25% |
| Final | 30% |

In general, I will base grades on the following percentage scale:

A = 93-100; A- = 90-92; B+ = 87-89; B = 83-86; B- = 80-82; etc.

Class Attendance/Participation – is expected and necessary. Your class notes are the most important source of information as you prepare for your midterm and final.

Automatic Curve:

The 25/40 split on your exam grades will be automatically altered in the following cases:

- 1) If your midterm grade is 17 points above your final grade, the split becomes 30/35.
- 2) If your final grade is 17 points above your midterm grade, the split becomes 20/45.

Portfolio/Paper:

To develop your analytical skills, you will gather a portfolio of monetary policy articles from the *Wall Street Journal* and write a paper based on a topic from these articles. As appropriate, we will discuss articles and your analysis of them in class. **You will need access to a hardcopy subscription.** Use the link for a subscription <http://r.wsj.net/lczMQ>

Portfolio: The graded portfolio will contain ten (10) articles that describe topics relevant to macroeconomics and monetary theory and policy. For each article, you will provide a brief discussion (2 - 3 paragraphs, typed) of the economic issue that makes this article relevant to your portfolio and/or what we are discussing in class.

Portfolio articles are due **in class each Tuesday** for those articles published the previous week (i.e., the previous Monday - Saturday).

You may only submit one (1) article a week. The first article may be submitted at the earliest on Tuesday February 4th. There are 12 weeks for which articles may be submitted, so you do not need to submit an article every week, but you do need to submit 10 of 12 weeks. Late submissions are not accepted. **Electronic submission is not acceptable** – you must submit the WSJ article you are discussing with your paper.

The last day to submit articles for your portfolio: **Tuesday, April 21st.**

Paper: The paper should be a six to seven page critical analysis of an issue that relates to a topic we have discussed in class. Your paper should review the current events of your selected issue, discuss the connection to our work in class and offer a criticism of the policies or events given the criterion of standard economic decision making.

Physical standards for the paper: cover page with title/name/course; typed, double spaced, 12 point font, 0 pt spacing before/after, one inch margins all around, page numbers; Chicago style author-date system for references: (www.chicagomanualofstyle.org/tools_citationguide.html).

The paper is due no later than: **6:00 p.m. Tuesday, April 28th.**

Electronic submission is not acceptable – submit papers to my mailbox in either the Economics Department Office (Tyler 312) or Public Policy Office (Tyler 412).

Midterm:

There will be a cumulative midterm. This point marks the break between the institutions sections and the pure economics (graphs and theories) sections of the course. The midterm exam will be given on: **Tuesday, March 3rd.**

Final Exam:

The final will be cumulative and last the entire exam period on:
Monday, May 4th from 2:00 - 5:00 p.m.

N.B. readings may be added or modified, but dates for assignments/exams are set.

Cancelled Class:

Class is cancelled on Thursday, March 5th and Thursday, April 23th.

ADA Accommodations Statement

William & Mary accommodates students with disabilities in accordance with federal laws and university policy. Any student who feels they may need an accommodation based on the impact of a learning, psychiatric, physical, or chronic health diagnosis should contact Student Accessibility Services staff at 757-221-2512 or at sas@wm.edu to determine if accommodations are warranted and to obtain an official letter of accommodation. For more information, please see www.wm.edu/sas.

If you are eligible for accommodations on examinations, please make arrangements with Student Accessibilities Services at least two weeks in advance of the midterm exam. They will provide such accommodations.

Writing Resource Center

The Writing Resources Center, located on the first floor of Swem Library, is a free service provided to W&M students. Trained consultants offer individual assistance with writing, presentation, and other communication assignments at any stage, from generating ideas to polishing a final product, and across disciplines. To make an appointment, visit the WRC webpage www.wm.edu/wrc.

Academic misconduct

I begin each semester by assuming that academic misconduct will not be an issue. For any questions about policies regarding cheating, plagiarism, or other types of misconduct, please refer to the web site of the William & Mary Honor Council and the relevant pages about the Honor Code from the Student Handbook. I take this issue extremely seriously, and hope you do, too.

Economic 311 - Money and Banking
Course Outline – 11th/12th edition

Introduction to Money and Financial Markets:

Overview: **Ch 1 including appendix - skim**

What is Money? Kinds of Money: **Ch 3**

Financial Markets, Institutions and Instruments: **Ch 2**

Efficient Bond Pricing/Yield to Maturity: **Ch 4: 64-75**

Term Structure of Interest Rates: **Ch 6: 124-136/125-137**

Commercial Banking:

Structure, Regulation, and Competition: **Ch 11**

Commercial Bank Policies: **Ch 9**

Balance Sheet, Basic Operation of Bank

Banking and Bank Regulation: **Ch10**

Central Banking:

History - pre 1914: **Ch 11: 234-237/236-239**

Federal Reserve System: **Ch 13:292-309/294-311**

Monetary Management:

Multiple Deposit Creation: **Ch 14**

Determinants of the Money Supply

Monetary Management by Fed: **Ch 15**

(Midterm)

Monetary Theory:

Demand for Money: **Ch 19, Ch 5:101-108/102-109**

Post - Keynesian M^d - LM curve: **Ch 20**

Equilibrium in Goods Market

Modern Goods Markets - IS curve

General Equilibrium

Algebra of Equilibrium

Monetary & Fiscal Policy in ISLM: **Ch 21**

Relative Effectiveness of Alternative Policy

A More General, General Equilibrium: **Ch 22**

Aggregate Supply, "True" General Equilibrium

Applications

Monetary Policy:

Goals and Problems: **Ch 16**

Activist, Nonactivist Debate:

Application to events of the past 25 years

Money and Monetary Policy:

The Federal Reserve Experience